



# COMMONWEALTH OF VIRGINIA

## *Department of the Treasury*

J. BRAXTON POWELL  
TREASURER OF VIRGINIA

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July 3, 2006

### MEMORANDUM

TO: Localities Eligible for Participation in the 2006 B Interest Rate Subsidy Financing through the Virginia Public School Authority

FROM: J. Braxton Powell, on behalf of  
James J. Wheaton, Chairman, Virginia Public School Authority

SUBJECT: Information on the 2006 Interest Rate Subsidy Program Bond Sale-  
VPSA School Financing Bonds (1997 Resolution) Series 2006 B

It is currently anticipated that the Virginia Public School Authority ("VPSA") will move forward with an interest rate subsidy bond issue for sale in conjunction with the VPSA's Fall issue. The purpose of the program is to fund localities' projects on the Board of Education's First Priority Waiting List (Attachment A) through the VPSA and provide debt service schedules equivalent to what they would have paid on a direct Literary Fund loan (Attachment B). The purpose of this memorandum is to provide localities with notice of the subsidy sale and directions to the electronic information regarding the application for inclusion in the financing. This memorandum will inform you of the steps necessary to be eligible to participate in this financing.

**The electronic information package, including the application forms, is available at the Department of the Treasury home page on the Internet at:**

**<http://www.trs.virginia.gov/debt/application.asp>**

**This package will better acquaint you with the VPSA financing program.** Please access the Internet address shown above to secure the forms and instructions needed to submit an application for participation in the Series 2006 B interest rate subsidy financing.

**Please note the amount provided in the 2006 Appropriation Act for the fall interest rate subsidy program is \$15,000,000 for 2006.**

The VPSA and the Department of Education have completed other interest rate subsidy financings in previous years. It is anticipated that the current interest rate subsidy program will be structured similar to the November 2005 financing. The objective of the interest rate subsidy program is to maximize use of available Literary Fund monies to provide low interest loans for school construction and renovation, and to keep the Literary Fund loan waiting list as short as possible. Localities which participate in the subsidy program are able to obtain VPSA financing at the same cost as if they had borrowed from the Literary Fund. Costs of issuing bonds associated with borrowing from the VPSA will be covered by the program. The program is structured to provide a complete subsidy equal to the present value

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difference between the payment schedule which would have been achieved by borrowing from the Literary Fund and that which is actually achieved through the VPSA. If there are any questions regarding your project(s) or the Literary Fund, please call Dan Timberlake with the Department of Education at (804) 225-2025.

**To be considered for participation in the 2006 interest rate subsidy program, you must complete the application form and email it to [vpsa@trs.virginia.gov](mailto:vpsa@trs.virginia.gov) by August 30, 2006. You must also send a written request in the form of a letter to:**

**Daniel S. Timberlake  
Assistant Superintendent for Finance  
Department of Education  
P. O. Box 2120  
Richmond, Virginia 23216-2120**

We have been informed by the Department of Education that, if you elect not to participate in the interest rate subsidy program, your project will remain on the First Priority Waiting List, without loss of priority ranking.

The VPSA anticipates selling the bonds on or about October 11, 2006 with funds available to localities on or about November 9, 2006. **Although the VPSA and Department of Education will make every effort to include all eligible localities in the financing, funding will be based on your position on the Literary Fund First Priority Waiting List and will be subject to the availability of funds. Market conditions at the time of sale may preclude us from including every eligible locality.**

Available on the website is the cover memorandum addressing the regular VPSA Fall bond sale. **If your locality wishes to participate in the normal semiannual VPSA bond sale in addition to receiving the Literary Fund subsidy, you must complete *both* applications.** As you complete your application, examine the time schedule carefully. Please note that, given the extended time requirements for public notice and hearings, localities should procure the services of a bond counsel as soon as they have decided to participate in the VPSA bond sale. Bond counsel typically charge a fixed fee for local debt issuance associated with the VPSA, rather than an hourly rate. It is to your advantage to secure the services of qualified counsel as soon as possible. We will notify you and your bond counsel as soon as possible after September 11, 2006 whether you may be included in the 2006 interest rate subsidy bond sale.

If you are interested in participating in the 2006 interest rate subsidy financing, please email a letter expressing that interest along with the completed application form to [vpsa@trs.virginia.gov](mailto:vpsa@trs.virginia.gov). The

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application requires that the school board submit a resolution when your application is submitted. **A resolution approving the application is no longer required by the governing body as part of the application process.**

If you have any questions about the application, or need assistance, please call Rick Davis at (804) 225-4928, Michael Walsh at (804) 225-4926 or Connie Vaughan at (804) 225-2268.

JBP:mdw

Attachments

c: VPSA Board of Commissioners  
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Director of Debt Management  
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